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SBC

DOCKET FILE COPY ORIGINAL

July 31, 2003

Ms Marlene H Dortch
Secretary
Federal Communications Commission
445 Twelfth Street, SW
Room CY-B402
Washington, D C 20554

RECEIVED

JUL 3 1 2003

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Re   Permanent Cost Allocations Manual for the Separation of Regulated and Nonregulated Costs for Ameritech, Pacific Bell, Nevada Bell and Southwestern Bell Telephone Companies

Dear Ms Dortch

Pursuant to Section 64 903(b) of the Commission's rules, as amended by the *Report and Order* in CC Docket No 99-253, SBC Communications Inc ("SBC") respectfully submits an original and three copies of partial updates to the Cost Allocation Manual ("CAM") filing for Ameritech, Pacific Bell, Nevada Bell and Southwestern Bell Telephone Companies

This CAM filing incorporates a description of revisions to cost pools and technical and narrative changes to the CAM All changes to the CAM can be identified by annotations in the right hand margin of each revised page and are described in the attachment

Please stamp and return the provided copy to confirm your receipt of this filing Please contact me at (202) 326-8919 should you have any questions about this CAM filing

Sincerely,

Michelle Thomas

Enclosures

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TRANSMITTAL LETTER MATRIX CAM CHANGES

Description of Change

Page USOA Account	Change From	Change To	Reason for Change	Annualized Quantification
II-1	"Directory Listing Services – These services include the provision of (1) nonregulated operator-assisted directory information, including listings for out-of-region interLATA telephone numbers, such as National Directory Assistance and Reverse Directory Assistance "	"Directory Listing Services – These services include the provision of (1) nonregulated operator-assisted directory information, including listings for out-of-region interLATA telephone numbers, such as National Directory Assistance, International Directory Assistance and Reverse Directory Assistance "	To add International Directory Assistance to the list of Directory Listing Services being provided by the telcos	Not Applicable (N/A)
II-5, 6	N/A	"6211", "X" under activity '9"	For all year 2003, CDAR service is still being provided by the AOCs using Account 2211 investment, resulting in an allocation of Account 6211 costs Page II-5 rolled lines to page II-6	N/A
V	N/A	N/A	See Transmittal Attachment A for Section V explanations	N/A
VI-4	N/A	"6211" uses the Based on Description of Accounting Code(s) method of cost pool identification	To recognize that Account 6211 uses the Based on Accounting Code(s) method of cost pool identification in the Cost Apportionment Tables in Section VI	N/A
VI-6	"6211"	N/A	Account 6211 does not use the Cost Pool Equals Account cost pool identification method	N/A
VI-8	"2211" under Assigned to Nonregulated	N/A	To recognize the direct nonregulated cost pool in Account 2211 is no longer in use (for all year 2003)	N/A
VI-17	"6623" uses the "Service Order Analysis" cost pool apportionment methodology	"6124, 6623, 6720" use the "Service Order Analysis" cost pool apportionment methodology	To add Accounts 6124 and 6720 as accounts that use the "Service Order Analysis" cost pool apportionment methodology for all of year 2003 as reflected in the Cost Apportionment Tables in Section VI	N/A
VI-22 1220	"Station Connections Cost Pool"	N/A	Pool is no longer in use (for all year 2003)	N/A

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Description of Change

Page USOA Account	Change From	Change To	Reason for Change	Annualized Quantification
VI-25 2114	"Garage Work Equipment Pool"	N/A	Pool is no longer in use	N/A
VI-30 2211	"Direct Cost Pool, Based on description of accounting codes and analysis of equipment inventory records, Directly assigned to nonregulated "	N/A	To delete direct nonregulated cost pool not in use by SWBT	N/A
VI-32 2220	Nevada's not using the "Operator Systems Cost Pool" in Account 2220	Nevada uses the "Operator Systems Cost Pool" in Account 2220	Nevada Bell was granted forbearance to provide nonlocal directory assistance by WC Docket No 02-156, MO&O released 4/28/03	Less than $ 1 million to regulated operations
VI-36 2681	"Capital Lease-Furniture and Artworks Cost Pool, Capital Lease-Other Cost Pool "	N/A	The Capital-Lease Furniture and Artworks Cost Pool and Capital Lease-Other Cost Pool in Account 2681 contain no investment for all 2003	N/A
VI-42 5300	In the "Uncollectible Revenue – Other Cost Pool· Indirectly attributed based on the relative value of regulated and nonregulated revenue in Accounts 5001 through 5230 and 5280 "	"Indirectly attributed based on the relative value of regulated and nonregulated revenue in Accounts 5001 through 5100, 5230 and 5280 "	To bring the allocator wording into agreement with the reformed Part 32 per the Report and Order and Further Notice of Proposed Rulemaking released on November 5, 2001 in CC Docket No 00-199 effective January 1, 2003 The allocator is not a change in method	N/A
VI-43 6114	Garage Equipment Cost Pool"	N/A	Cost pool is no longer in use as of July 2003 These costs will be pooled in the Other Work Equipment Cost Pool in Account 6114 beginning in July 2003	($ 7) million to regulated operations for the Garage Equipment Cost Pool (Less than $ 1 million impact on regulated operations net from repooling)
VI-45 6124	"Distribution Services and Station Connections Cost Pool" with no comments	Comments added "Cost pool is rarely used by Ameritech "	Ameritech rarely uses the "Distribution Services and Station Connections Cost Pool" in Account 6124	N/A

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Description of Change

Page USOA Account	Change From	Change To	Reason for Change	Annualized Quantification
VI-45 6124	"Personnel/Communications Cost Pool" with no comments	Comments added "Cost pool is rarely used by Ameritech"	Ameritech rarely uses the "Personnel/Communications Cost Pool" in Account 6124	N/A
VI-45 6124	"Revenue/Billing Cost Pool" in use by Ameritech	"Customer Billing and Collection Cost Pool, Based on description of accounting codes and computer usage, Indirectly attributed based on relative value of regulated and nonregulated revenue in Accounts 5001 through 5100, 5230 and 5280 "	To recognize that Ameritech is using the "Customer Billing and Collection Cost Pool", rather than the "Revenue/Billing Cost Pool", to allocate its common billing costs in Account 6124 for all year 2003 The "Customer Billing and Collection Cost Pool" was inadvertently left out of the 12/24/02 CAM filing, quantifications in that filing are correct and had been calculated using the "Customer Billing and Collection Cost Pool" allocator	N/A
VI-45 6124	"Service Order Cost Pool" in use by Ameritech	"Service Order Processing Cost Pool, Based on description of accounting codes and computer usage, Directly attributed based on analysis of service orders "	To recognize that Ameritech is using the "Service Order Processing Cost Pool", rather than the "Service Order Cost Pool", to allocate its common service order-related costs in Account 6124 for all of year 2003 The "Service Order Processing Cost Pool" was inadvertently left out of the 12/24/02 CAM filing, quantifications in that filing are correct and had been calculated using the "Service Order Processing Cost Pool" allocator	N/A
VI-46 6211	"Direct Cost Pool, Cost Pool equals account "	"Direct Cost Pool, Based on description of accounting codes "	To acknowledge the direct regulated cost pool is not the only pool in use in Account 6211, see explanation below (for all year 2003)	N/A
VI-46 6211	N/A	"Analog Cost Pool, Based on description of accounting codes and relative value of the Analog investment in Account 2211, Nondigital Switching, Directly attributed based on current regulated and nonregulated use of the Analog investment in Account 2211, Nondigital Switching, Includes prior Account 6211 "	To add back the Analog Cost Pool (for all of year 2003) which was inadvertently omitted in the 3/12/03 CAM filing	N/A

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Description of Change

Page USOA Account	Change From	Change To	Reason for Change	Annualized Quantification
VI-47 6220	Nevada's not using the "Operator Systems Expense Cost Pool" in Account 6220	Nevada uses the "Operator Systems Expense Cost Pool" in Account 6220	Nevada Bell was granted forbearance to provide nonlocal directory assistance by WC Docket No 02-156, MO&O released 4/28/03	Less than $ 1 million to regulated operations
VI-56 6611	"Indirectly attributed based on relative value of current month product management salaries and wages in the cost pools (excluding the Product Management Support and Supervision Cost Pool and the Product Management Residual Cost Pool) in Account 6611, Product Management and Sales "	"Directly attributed based on relative value of current month product management salaries and wages in the cost pools (excluding the Product Management Support and Supervision Cost Pool and the Product Management and Sales Residual Cost Pool) in Account 6611, Product Management and Sales "	To clarify pool is directly attributed, to include the full name of the Product Management and Sales Residual Cost Pool in the apportionment method	N/A
VI-56 6611	"✓" for Ameritech using the Product Management Support and Supervision Cost Pool	N/A	Ameritech does not use the Product Management Support and Supervision Cost Pool (for all of 2003)	N/A
VI-57 6611	"✓" for Ameritech using the Sales Administration Cost Pool	N/A	Ameritech does not use the Sales Administration Cost Pool (for all of 2003)	N/A
VI-60 6623	In the "Customer Billing and Collection Cost Pool" Indirectly attributed based on relative value of revenues in Accounts 5001 through 5230, and 5280 "	"Indirectly attributed based on relative value of revenues in Accounts 5001 through 5100, 5230 and 5280 "	To bring the allocator wording into agreement with the reformed Part 32 per the Report and Order and Further Notice of Proposed Rulemaking released on November 5, 2001 in CC Docket No 00-199 effective January 1, 2003 The allocator is not a change in method	N/A
VI-63 6720	"Revenue/Billing Cost Pool" in use by Ameritech.	"Customer Billing and Collection Cost Pool, Based on description of accounting codes and computer usage, Indirectly attributed based on relative value of revenues in Accounts 5001 through 5100, 5230 and 5280 "	To recognize that Ameritech is using the "Customer Billing and Collection Cost Pool", rather than the "Revenue/Billing Cost Pool", to allocate its common billing costs in Account 6720 for all of year 2003 The "Customer Billing and Collection Cost Pool" was inadvertently left out of the 12/24/02 CAM filing, quantifications in that filing are correct and had been calculated using the "Customer Billing and Collection Cost Pool" allocator	N/A

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Description of Change

Page USOA Account	Change From	Change To	Reason for Change	Annualized Quantification
VI-64 6720	"Service Order Cost Pool" in use by Amentech	"Service Order Processing Cost Pool, Based on description of accounting codes and computer usage, Directly attributed based on analysis of service orders "	To recognize that Ameritech is using the "Service Order Processing Cost Pool", rather than the "Service Order Cost Pool", to allocate its common service order-related costs in Account 6720 for all of year 2003 The "Service Order Processing Cost Pool" was inadvertently left out of the 12/24/02 CAM filing, quantifications in that filing are correct and had been calculated using the "Service Order Processing Cost Pool" allocator	N/A
VI-64 6720	"Information Management Cost Pool" with no comments	Comments added "Cost pool is rarely used by Ameritech '	Ameritech rarely uses the "Information Management Cost Pool" in Account 6720	N/A

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TRANSMITTAL MATRIX CAM CHANGES
Description of change

Page USOA Account	Change From	Change To	Reason for Change	Annualized Quantification
V-12	"Wholesale Telecommunications Services – PP"	"Wholesale Telecommunications Services – PP –SBC Advanced Solutions"	Added Service to Affiliate	N/A

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SECTION II – NONREGULATED ACTIVITIES

The Companies presently offer the following nonregulated activities   If individual operating companies are not specified, the activity is provided by Ameritech, Nevada Bell, Pacific Bell and Southwestern Bell Telephone

Billing and Payment Processing Services - Southwestern Bell

This service provides billing and processing of customer bill payments for outside third parties and affiliates   It includes billing, customer support, receiving, depositing and processing the payments and creating the payment data

Computer Services

Computer services involve the offering of a capability for generating, acquiring, storing, transforming, processing, retrieving, utilizing, or making available data which may be conveyed via intraLATA telecommunications   It includes the E911 automatic location identification (ALI) service, which is also offered interLATA on an integrated basis in accordance with CC Docket No. 96-149

It also includes computer bureau services, which involve providing the use of company-owned or leased computer hardware, as well as the systems personnel, to process software owned or licensed by the customer   It also involves related report generation and systems maintenance. Also included is Responsible Organization Services offered by Ameritech.

Customer Premises Equipment and Wire Services

These services include the sale or lease, installation, maintenance and repair of customer premises equipment (CPE), simple and complex wire, intra- and inter-building cable and voice, data and/or video equipment as well as other related telecommunications equipment on the customer's side of the network interface. For example, this would include Digital NCTE. This service also includes installation, maintenance and/or management services (e g., consulting, design, engineering and administration activities) associated with customer-owned networks. These network plans can consist of customized wiring (copper, coaxial or fiber) and/or equipment that provide voice, data and/or video services   Inside wire maintenance plans are also offered as a part of this service.

Directory Listing Services

These services include the provision of (1) nonregulated operator-assisted directory information, including listings for out-of-region and in-region interLATA telephone numbers, such as National Directory Assistance, **International Directory Assistance** and Reverse Directory Assistance, (2)   I directory-provided information services such as Category Search, and (3) electronic directory services, such as Electronic White Pages and Reverse Number Search, in which directory listing information is provided in response to an electronic customer request.

NONREGULATED ACTIVITIES

ACCT	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
3420	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
3500	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
4100	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
4300	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
4340	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
5280	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
5300	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
6112		X	X	X	X	X	X	X	X	X	X		X	X	X	
6114		X	X	X	X	X	X	X	X	X	X		X	X	X	
6121		X	X	X	X	X	X	X	X	X	X		X	X	X	X
6122		X	X	X	X	X	X	X	X	X	X		X	X	X	X
6123	X	X	X	X	X	X	X	X	X	X	X		X	X	X	X
6124	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
6211									**X**							
6212						X										X
6220				X				X								
6231						X										
6232		X				X										
6311			X													
6341			X													
6351								X								
6362		X	X							X						
6421			X													
6422			X			X										
6423			X													
6441			X			X										
6512	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
6531			X	X		X	X				X		X			X
6532			X	X		X		X		X						X
6533			X				X	X			X				X	
6534	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
6535	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
6540								X								
6561	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
6563	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
6564	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
6611	X	X	X	X			X	X	X	X	X		X	X	X	X

ACCT	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
6613		X	X	X			X	X	X		X			X	X	X
6622			X	X	X			X								
6623		X	X	X			X	X	X		X		X		X	X
6720	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
7100	X	X	X	X	X	X	X	X	X		X	X	X	X	X	X
7210		X	X	X	X	X	X	X	X	X	X		X	X	X	X
7220	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
7230	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
7240	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
7250	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
7300	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
7500	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X

Asset/Service Provided**	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
TARIFFED RATE																														
Billing & Collections	D	D		D		D		D		D				D		D	D		D	D	D									
Tariffed Telecommunications Services	D	D	D	D	D	D		D	D	D		D	D	D	D	D	D	D	D	D	D	D		D	D					
PUBLICLY FILED AGREEMENT																														
Interconnection		O																		O										
PREVAILING PRICE																														
CPE and Wire Services	O	O	O	O	O	O		O	O	O		O	O	O	O	O	O	O	O	O	O	O		O	O					
Billing & Collections	D	D		D		D		D		D				D		D	D		D	D	D									
Telephone Directory Services																			D											
Primary Interexchange Carrier Services		D			D																									
Wholesale Tele-communications Services																					D									

1= SBC Telecom
2= Southwestern Bell Communication Services
3= SBC International
4= Pacific Bell Directory
5= SNET Diversified Group, Inc
6= Pacific Bell Information Services
7= SBC Tower Holdings, LLC
8= Pacific Bell Internet Services
9= Pacific Bell Wireless

10= Pacific Telesis Group
11= Southern New England Telecommunications
12= SBC Services
13= SBC Management Services
14= SBC Operations
15= New Southwestern Bell Mobile Systems
16= Southwestern Bell Wireless
17= Southwestern Bell Internet
18= SBC Technology Resources

19= Southwestern Bell Yellow Pages
20= SBC Advanced Solutions
21= Southwestern Bell Messaging Services
22= AMDOCS
23= Sterling Commerce
24= Southwestern Bell Telecommunications
25= Southwestern Bell Video Services
26= SNET Cellular
27= SNET Information Services

28= SNET America
29= SNET Personal Vision
30= Digital Graphics Advantage

** See pages V-8 through V-11 appearing earlier in Section V for a more detailed description of services provided
Legend   D = Daily, W = Weekly, M = Monthly, Q = Quarterly, A = Annually, O = Occasionally

Selected cost pools in the following accounts use the description of accounting codes as a basis for pool assignment·

1220	2411	6114	6421	6613
1410	2422	6121	6422	6622
2003	2423	6122	6423	6623
2112	2441	6123	6441	6720
2114	2681	6124	6512	7100
2124	2682	**6211**	6532	7240
2211	2690	6212	6533	7300
2212	3100	6220	6534	7500
2220	4100	6231	6535	
2231	4300	6232	6540	
2232	4340	6311	6561	
2311	5300	6341	6564	
2341	6112	6362	6611	

Analysis of Building Use

The Companies maintain a floor space inventory file of all of their buildings. This inventory associates floor space with functions by building that can be used to separate building space into functional categories. These categories include: Central Office, Distribution Services, Network Operations, Customer Operations, and Corporate Operations floor space, and leased or rented floor space

Once the actual floor space has been derived for each of the Building cost pools listed above, a ratio of that cost pool's floor space to total building floor space in a jurisdiction is developed These ratios are applied to the total building investment in a jurisdiction to determine the level of building investment for that cost pool

Thus a building by building analysis is performed and the ratios developed by this analysis are applied to each jurisdiction's total building investment within the Companies. This study is performed at least annually.

The following account uses analysis of building use as a basis for assigning costs to pools·

2121

Analysis of Motor Vehicle Records

The Companies maintain an inventory file of all their motor vehicles. This inventory associates motor vehicle costs with motor vehicle numbers and function codes. The motor vehicle numbers have a unique identification number that is used to populate the Distribution Services-Construction Sub-pool. The remaining pools, i e , the Corporate Operations, Distribution Services-Installation and Maintenance, Central

COST POOL IDENTIFICATION (cont)

Cost Pool Equals Account

When an entire account is considered homogeneous, it is assigned to a single cost pool A cost pool can be directly assigned to regulated services or nonregulated activities If the cost pool cannot be directly assigned, then it is allocated on some other basis. The specific allocation method used depends upon the account involved.

Selected cost pools in the following accounts use cost pool equals account as a basis for assigning costs to pools

1438	3200	6426	7910
1500	3410	6431	7990
2002	3420	6511	
2111	4040	6531	
2122	4130	6562	
2123	4370	6563	
2321	5001-5230	6621	
2351	5280	6790	
2362	6113	7210	
2421		7220	
2424	6351	7230	
2426	6411	7250	
2431	6424	7600	

Account Balance Less Amounts Assigned to the Direct Cost Pools

After determining the directly assigned costs for an account, those costs are removed from the account balance.   Then if the remainder of the account is considered homogeneous, it is assigned to a cost pool The cost pool is then allocated according to its specifications

A selected cost pool in the following account uses account balance less amounts assigned to the direct cost pools as a basis for assigning costs to pools:

6123

COST POOL APPORTIONMENT METHOD

This description of the apportionment method section of the Cost Apportionment Table presents the method which a pool is apportioned between regulated and nonregulated activities Whenever possible, cost pools are established using accounting codes to provide for the direct assignment of costs to regulated services and non regulated activities When a cost pool cannot be directly assigned, then an allocation must be made If direct assignments are not available, then direct measures of cost causation are used to make apportionments. Indirect measures of cost causation are used when no direct method exists. Finally, when there are no direct or indirect measures of cost causation available, either a marketing allocator or a general allocator is applied. In some instances direct assignments to regulated or nonregulated occur in an account where a direct cost pool does not exist. This is due to either reconciliation activity at year-end, or exception time reporting in an account where it is not expected. Since these occasions are infrequent and not regularly expected, direct cost pools are not established The bases for the apportionments in the Cost Apportionment Tables are outlined below (Please refer to Section VII for sampling apportionment methodology description)

Assigned to Nonregulated

When a cost pool is identified as incurred exclusively for nonregulated activities, then a direct assignment to nonregulated is made

Selected cost pools in the following accounts have a direct assignment to nonregulated activities as a basis for allocating cost

1220	2411	6124	6441	6623
2003	2423	6212	6512	6720
2114	2441	6220	6532	7500
2124	2681	6231	6533	7990
	2682	6232	6534	
2212	3100	6311	6535	
2220	5280	6341	6540	
2231	5300	6351	6561	
2232	6112	6362	6611	
2311	6114	6421	6613	
2341	6122	6422	6621	
2351	6123	6423	6622	

Service Order Analysis - Ameritech

The Service Order Analysis, performed at least annually, involves a review of service order analysis performed at least annually, involves a review of service order activity processed through AOC's mechanized billing systems. The study counts regulated and nonregulated inward service orders, divides the nonregulated inward service orders by the total inward service orders and develops the appropriate ratios to apportion the amounts in selected a cost pool in the following account:

6124   6623   **6720**

Directory Space - SWBT

The White Pages Advertising Cost Pool's common expenses in Account 6622, Number Services, are allocated based on the ratio of the nonregulated business advertising space in each state to the total space in the associated state's White Pages directories

Tax Allocation-Operating Federal Income Tax, State and Local Income Taxes and Provision for Deferred Operating Income Taxes-Net

The common cost pools in Accounts 7220, 7230 and 7250 are allocated based on operating book income before income taxes less interest expense.

Directory Assistance Call Work Volume Usage – PB and SWBT

The Operator Systems Directory Assistance Cost Pool's common expenses in Account 6622, Number Services, are allocated based on the ratio of nonregulated call work volumes to total call work volumes.

USOA Part 32 Accounts	Cost Pool Name	Cost Pool Identification	Cost Pool Apportionment Method	Comments	P	N	S	A
1220 Inventories	Direct Cost Pool	Based on description of accounting codes	Directly assigned to regulated	Ameritech rarely uses this pool		✓		✓
	Direct Cost Pool	Based on description of accounting codes	Directly assigned to nonregulated		✓	✓	✓	✓
	Central Office Cost Pool	Based on description of accounting codes	Indirectly attributed based on current regulated and nonregulated investment value of central office equipment in Accounts 2211 through 2232		✓	✓	✓	✓
	Cable and Wire Facilities Cost Pool	Based on description of accounting codes	Indirectly attributed based on relative value of Cable and Wire Facilities current month salaries and wages in Accounts 2411 through 2441 and 6411 through 6441		✓	✓	✓	✓
	Other Inventories Cost Pool	Based on description of accounting codes	Indirectly attributed based on current regulated and nonregulated investment value of Account 2001, Telecommunications Plant In Service		✓	✓	✓	✓
1410 Other Noncurrent Assets	Direct Cost Pool	Based on description of accounting codes	Directly assigned to regulated	Includes prior Accounts *1401, *1402, *1407, *1408 and 1410 None of the * items are subject to separations	✓	✓	✓	✓
	Other Noncurrent Assets Cost Pool	Based on description of accounting codes	Indirectly attributed based on company current month salaries and wages	Includes prior Account 1410	✓	✓	✓	✓
1438 Deferred Maintenance, Retirements and Other Deferred Charges	Direct Cost Pool	Cost Pool equals account	Directly assigned to regulated	Amounts in this account will be excluded from ratemaking in the Separations process, thus allocation between regulated and nonregulated is not necessary Includes prior Accounts 1438 and 1439				

Cost Apportionment Tables
Ameritech (A)/Nevada Bell (N)/Pacific Bell (P)/Southwestern Bell Telephone (S)
Cost Allocation Manual

VI-22
Revised 7/31/03

USOA Part 32 Accounts	Cost Pool Name	Cost Pool Identification	Cost Pool Apportionment Method	Comments	P	N	S	A
2112 Motor Vehicles (Cont)	Distribution Services - Construction Sub-pool	Analysis of motor vehicle records	Indirectly attributed based on relative value of Cable and Wire Facilities current year salaries and wages in Accounts 2410 through 2441, and 6410 through 6441				✓	
	Network Operations Cost Pool	Analysis of motor vehicle records	Indirectly attributed based on relative value of Network Operations current year salaries and wages in Accounts 6113 through 6124, and 6510 through 6535		✓	✓	✓	✓
	Customer Operations Cost Pool	Analysis of motor vehicle records	Indirectly attributed based on relative value of Customer Services current year salaries and wages in Accounts 6610 through 6623		✓	✓	✓	✓
	Corporate Operations Cost Pool	Analysis of motor vehicle records	Indirectly attributed based on relative value of Corporate Operations current year salaries and wages in Account 6720		✓	✓	✓	✓
	Motor Pool	Analysis of motor vehicle records	Indirectly attributed based on relative value of the current year salaries and wages of those employees served by the motor pools		✓	✓	✓	
2113 Aircraft	Not applicable	Not applicable	Not applicable	The Companies do not have any Aircraft investment				
2114 Tools and Other Work Equipment	Direct Cost Pool	Based on description of accounting codes	Directly assigned to regulated		✓	✓		
	Direct Cost Pool	Based on description of accounting codes	Directly assigned to nonregulated				✓	

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USOA Part 32 Accounts	Cost Pool Name	Cost Pool Identification	Cost Pool Apportionment Method	Comments	P	N	S	A
2124 General Purpose Computers (Cont)	Operations Cost Pool	Based on description of accounting codes	Indirectly attributed based on relative value of Operations current month salaries and wages in Accounts 2211 through 2441, 6211 through 6441, and Accounts 6531 through 6623			✓		
	General Operations Cost Pool	Based on description of accounting codes and computer usage	General Allocator				✓	
2211 Nondigital Switching	Direct Cost Pool	Based on description of accounting codes and analysis of equipment inventory records	Directly assigned to regulated	Includes prior Accounts 2211 and 2215	✓		✓	✓
	Analog Cost Pool	Based on description of accounting codes and analysis of equipment inventory records	Directly attributed based on peak forecasted annual usage	AOCs use call volumes, PB uses cpu cycles, SWBT uses messages SWBT's investment is frozen	✓		✓	✓
2212 Digital Electronic Switching	Direct Cost Pool	Based on description of accounting codes and analysis of equipment inventory records	Directly assigned to regulated		✓	✓	✓	✓
	Direct Cost Pool	Based on description of accounting codes and analysis of equipment inventory records	Directly assigned to nonregulated		✓		✓	✓

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USOA Part 32 Accounts	Cost Pool Name	Cost Pool Identification	Cost Pool Apportionment Method	Comments	P	N	S	A
2220 Operator Systems (Cont)	Operator Systems Cost Pool	Based on description of accounting codes	Directly attributed based on peak forecasted annual usage-call volumes		✓	✔	✓	✓
2231 Radio Systems	Direct Cost Pool	Based on description of accounting codes	Directly assigned to regulated		✓	✓	✓	✓
	Direct Cost Pool	Based on description of accounting codes	Directly assigned to nonregulated		✓			
	Signaling Cost Pool	Based on description of accounting codes and analysis of equipment inventory records	Directly attributed based on peak forecasted annual usage-octets		✓			
2232 Circuit Equipment	Direct Cost Pool	Based on description of accounting codes	Directly assigned to regulated		✓	✓	✓	✓
	Direct Cost Pool	Based on description of accounting codes	Directly assigned to nonregulated				✓	✓
	Signaling Cost Pool	Based on description of accounting codes and analysis of equipment inventory records	Directly attributed based on peak forecasted annual usage-octets		✓		✓	✓
2311 Station Apparatus	Direct Cost Pool	Based on description of accounting codes	Directly assigned to regulated	This pool is not used by the Companies Not Applicable (Uniformity - cost pool not in use)				
	Direct Cost Pool	Based on description of accounting codes	Directly assigned to nonregulated	This pool is not used by the Companies Not Applicable (Uniformity - cost pool not in use)				

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USOA Part 32 Accounts	Cost Pool Name	Cost Pool Identification	Cost Pool Apportionment Method	Comments	P	N	S	A
2681 Capital Leases (Cont)	Capital Lease-Motor Vehicle Cost Pool	Based on description of accounting codes and lease study	Indirectly attributed based on relative investment value of Account 2112, Motor Vehicles		✓		✓	
	Capital Lease-Central Office Building Space Cost Pool	Based on description of accounting codes and lease study	Indirectly attributed based on relative value of Central Office current month salaries and wages in Accounts 2211 through 2232 and Accounts 6211 through 6232		✓		✓	
	Capital Lease-Distribution Services Building Space Cost Pool	Based on description of accounting codes and lease study	Indirectly attributed based on relative value of Distribution Services current month salaries and wages in Accounts 2311 through 2441, and 6311 through 6441	Includes storerooms, garages warehouses, service operations centers	✓		✓	
	Capital Lease-Network Operations Building Space Cost Pool	Based on description of accounting codes and lease study	Indirectly attributed based on relative value of Network Operations current month salaries and wages in Accounts 6112 through 6124 (excluding 6121) and 6511 through 6535		✓		✓	
	Capital Lease-Customer Operations Building Space Cost Pool	Based on description of accounting codes and lease study	Indirectly attributed based on relative value of Customer Operations Cost current month salaries and wages in Accounts 6611 through 6623		✓		✓	
	Capital Lease-Corporate Operations Building Space Cost Pool	Based on description of accounting codes and lease study	Indirectly attributed based on relative value of Corporate Operations current month salaries and wages in Accounts 6711 through 6728		✓		✓	

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USOA Part 32 Accounts	Cost Pool Name	Cost Pool Identification	Cost Pool Apportionment Method	Comments	P	N	S	A
5300 Uncollectible Revenue	Direct Cost Pool	Based on description of accounting codes	Directly assigned to regulated	Includes prior Accounts 5301 and 5302	✓	✓	✓	✓
	Direct Cost Pool	Based on description of accounting codes	Directly assigned to nonregulated	Includes prior Accounts 5301 and 5302	✓	✓	✓	
	Uncollectible Revenue – Other Cost Pool	Based on description of accounting codes	Indirectly attributed based on the relative value of regulated and nonregulated revenue in Accounts 5001 through **5100**, 5230 and 5280	Includes prior Account 5301				✓
6112 Motor Vehicle Expense	Direct Cost Pool	Based on description of accounting codes	Directly assigned to regulated	Nevada Bell rarely uses this cost pool	✓	✓	✓	
	Direct Cost Pool	Based on description of accounting codes	Directly assigned to nonregulated	The Companies do not use this cost pool (Uniformity – Cost Pool not in use)				
	Common Cost Pool	Based on description of accounting codes	Indirectly attributed based on relative investment value of the common cost pools (excluding the Distribution Services and Central Office cost pools) in Account 2112	Represents the remaining expenses after clearances to construction accounts and other plant specific expense accounts	✓	✓	✓	✓
6113 Aircraft Expense	Common Cost Pool	Cost pool equals account	Indirectly attributed based on company current month salaries and wages	The Companies do not have Aircraft investment				
6114 Tools and Other Work Equipment Expense	Direct Cost Pool	Based on description of accounting codes	Directly assigned to regulated		✓	✓		
	Direct Cost Pool	Based on description of accounting codes	Directly assigned to nonregulated		✓		✓	

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USOA Part 32 Accounts	Cost Pool Name	Cost Pool Identification	Cost Pool Apportionment Method	Comments	P	N	S	A
6114 Tools and Other Work Equipment Expense (Cont)								
	Common Tools Cost Pool	Based on description of accounting codes	Indirectly attributed based on relative investment value of the Other Work Equipment Cost Pool in Account 2114, Tools and Other Work Equipment	The cost pool balance represents the remaining expenses after clearance to construction accounts and other plant specific expense accounts			✓	
	Special Tools Distribution Services Cost Pool	Based on description of accounting codes	Indirectly attributed based on relative investment value of the Special Tools-Distribution Services Cost Pool in Account 2114, Tools and Other Work Equipment	The cost pool balance represents the remaining expenses after clearance to construction accounts and other plant specific expense accounts			✓	
	Other Work Equipment Cost Pool	Based on description of accounting codes	Indirectly attributed based on the relative investment value of Account 2114, Tools and Other Work Equipment		✓	✓	✓	✓
6121 Land And Building Expense	Directly Assigned Regulated	Based on description of accounting codes	Directly Assigned Regulated		✓	✓	✓	
	Directly Assigned Nonregulated	Not Applicable	Directly Assigned Nonregulated	The Companies do not have buildings which can be directly assigned Not applicable (Uniformity – Cost Pool not in use)			-	
	Operating Rent Cost Pool	Based on description of accounting codes	Directly attributed to regulated and nonregulated based on analysis of the use of the rented asset		✓	✓	✓	✓
	Other Common Expense Cost Pool	Based on description of accounting codes	Indirectly attributed based on relative value of the common cost pools in Accounts 2111, Land, and 2121, Buildings		✓	✓	✓	✓

USOA Part 32 Accounts	Cost Pool Name	Cost Pool Identification	Cost Pool Apportionment Method	Comments	P	N	S	A
6124 General Purpose Computers Expense (Cont)	Operator Services Cost Pool	Based on description of accounting codes and computer usage	Directly attributed based on current month regulated and nonregulated call volume use of the Operation Systems Cost Pool in Account 2220, Operator Systems		✓	✓	✓	✓
	Revenue//Billing Cost Pool	Based on description of accounting codes and computer usage	Indirectly attributed based on analysis of customer bills		✓	✓	✓	
	Customer Billing and Collection Cost Pool	**Based on description of accounting codes and computer usage**	**Indirectly attributed based on relative value of regulated and nonregulated revenue in Accounts 5001 through 5100, 5230 and 5280**					✔
	Network Facilities Cost Pool	Based on description of accounting codes and computer usage	Indirectly attributed based on current regulated and nonregulated investment value of network facilities investment in Accounts 2211 through 2232 and 2411 through 2441		✓	✓	✓	✓
	Distribution Services and Station Connections Cost Pool	Based on description of accounting codes and computer usage	Indirectly attributed based on relative value of distribution services and station connections current month salaries and wages in Accounts 2311 through 2441 and 6311 through 6441	**Cost Pool is rarely used by Ameritech**	✓	✓	✓	✓
	Outside Plant Maintenance Cost Pool	Based on description of accounting codes and computer usage	Indirectly attributed based on relative value of Cable and Wire facilities current month salaries and wages in Accounts 2411 through 2441 and 6411 through 6441		✓	✓	✓	✓
	Service Order Cost Pool	Based on description of accounting codes and computer usage	Indirectly attributed based on relative value of the Service Order Cost Pool in Account 6623, Customer Services		✓	✓	✓	
	Service Order Processing Cost Pool	**Based on description of accounting codes and computer usage**	**Directly attributed based on analysis of service orders**					✔
	Personnel/Communications Cost Pool	Based on description of accounting codes and computer usage	Indirectly attributed based on company current month salaries and wages	**Cost Pool is rarely used by Ameritech**	✓	✓	✓	✓

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USOA Part 32 Accounts	Cost Pool Name	Cost Pool Identification	Cost Pool Apportionment Method	Comments	P	N	S	A
6124 General Purpose Computers Expense (Cont)	Marketing Cost Pool	Based on description of accounting codes and computer usage	Marketing Allocator		✓	✓	✓	✓
	General Operations Cost Pool	Based on description of accounting codes and computer usage	General Allocator		✓	✓	✓	✓
	Microcomputers Cost Pool	Based on description of accounting codes	Indirectly attributed based on company current month salaries and wages, excluding salaries and wages in Accounts 2211 through 2441, and 6211 through 6441		✓	✓	✓	
	General Computer Support Cost Pool	Account 6124 balance less amounts assigned to other cost pools	Indirectly attributed based on relative investment value of the common cost pools in Account 2124, General Purpose Computers		✓	✓	✓	✓
6211 Nondigital Switching Expense	Direct Cost Pool	**Based on description of accounting codes**	Directly assigned to regulated	Includes prior Accounts 6211 and 6215	✓	✓	✓	✓
	Analog Cost Pool	**Based on description of accounting codes and relative value of the Analog Investment in Account 2211, Nondigital Switching**	**Directly attributed based on current regulated and nonregulated use of the Analog investment in Account 2211, Nondigital Switching.**	**Includes prior Account 6211**	✔			✔
6212 Digital Electronic Expense	Direct Cost Pool	Based on description of accounting codes	Directly assigned to regulated		✓	✓	✓	✓
	Direct Cost Pool	Based on description of accounting codes	Directly assigned to nonregulated		✓	✓	✓	✓
	Packet Switching Cost Pool	Based on description of accounting codes and relative value of the Packet Switch cost pool in Account 2212	Directly attributed based on current month regulated and nonregulated use of the Packet Switching Cost Pool investment in Account 2212, Digital Electronic Switching		✓		✓	✓
	Automated Attendant Cost Pool	Based on description of accounting code and relative value of Automated Attendant Cost Pool in Account 2212	Directly attributed to nonregulated			✓		

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USOA Part 32 Accounts	Cost Pool Name	Cost Pool Identification	Cost Pool Apportionment Method	Comments	P	N	S	A
6212 Digital Electronic Expense (Cont)	Signaling Cost Pool	Based on description of accounting codes and relative value of Signaling Cost Pool in Account 2212	Directly attributed based on current month regulated and nonregulated use of the Signaling Cost Pool investment in Account 2212, Digital Electronic Switching		✓		✓	✓
	CDAR Cost Pool	Based on description of accounting codes and relative value of the CDAR cost pool in Account 2212	Directly attributed based on current regulated and nonregulated use of CDAR Account 2212, Digital Electronic Switching investment	PB, NB and the AOCs use monthly call volumes	✓	✓		✓
	Digital Electronic Cost Pool	Based on description of accounting codes and relative value of the directly assigned cost pools in Account 2212, Digital Electronic Switching	Indirectly attributed based on the relative investment value of the directly assigned cost pools in Account 2212, Digital Electronic Switching					✓
6220 Operator Systems Expense	Direct Cost Pool	Based on description of accounting codes	Directly assigned to regulated		✓	✓	✓	
	Direct Cost Pool	Based on description of accounting codes	Directly assigned to nonregulated		✓		✓	
	Operator Systems Expense Cost Pool	Based on description of accounting codes	Directly attributed based on current month regulated and nonregulated call volume usage for Operator Systems Cost Pool in Account 2220, Operator Systems		✓	✓	✓	✓
6231 Radio Systems Expense	Direct Cost Pool	Based on description of accounting codes	Directly assigned to regulated		✓	✓	✓	✓
	Direct Cost Pool	Based on description of accounting codes	Directly assigned to nonregulated	SWBT rarely uses this cost pool	✓		✓	

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USOA Part 32 Accounts	Cost Pool Name	Cost Pool Identification	Cost Pool Apportionment Method	Comments	P	N	S	A
6564 Amortization Expense - Intangible	Network Software Amortization Intangible Cost Pool	Based on description of accounting codes	Indirectly attributed based on relative value of the Network Software Cost Pool in Account 2690, Intangibles		✓	✓	✓	✓
	General Purpose Computer Software Amortization Intangible Cost Pool	Based on description of accounting codes	Indirectly attributed based on relative value of the General Purpose Computer Software Cost Pool in Account 2690, Intangibles		✓	✓	✓	✓
6565 Amortization Expense - Other	Not Applicable	Not Applicable	Not Applicable	The Companies do not have any Telecommunications Plant Adjustment investment				
6611 Product Management and Sales	Direct Cost Pool	Based on description of accounting codes	Directly assigned to regulated	Includes prior Accounts 6611 and 6612	✓	✓	✓	✓
	Direct Cost Pool	Based on description of accounting codes	Directly assigned to nonregulated	Includes prior Accounts 6611 and 6612	✓	✓	✓	✓
	Product Management Support and Supervision Cost Pool	Based on description of accounting codes	Directly attributed based on relative value of current month product management salaries and wages in the cost pools (excluding the Product Management Support and Supervision Cost Pool and the Product Management and Sales Residual Cost Pool) in Account 6611, Product Management and Sales	Includes prior Account 6611	✓	✓		

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USOA Part 32 Accounts	Cost Pool Name	Cost Pool Identification	Cost Pool Apportionment Method	Comments	P	N	S	A
6611 Product Management and Sales (Cont)	Product Management and Sales Residual Cost Pool	Based on description of accounting codes	Marketing Allocator	Includes prior Accounts 6611 and 6612	✓	✓	✓	✓
	Premises Sales Cost Pool	Based on description of accounting codes	Directly attributed based on statistical sampling of premises sales operations	This pool is used by SWBT TRACS (SWBT) in Section VII See Includes prior Account 6612			✓	
	Sales Administration Cost Pool	Based on description of accounting codes	Directly attributed based on relative value of related current month sales salaries and wages in the Direct Cost Pools and the Premises Sales Cost Pool in Account 6611, Product Management and Sales	Includes prior Account 6612			✓	
6613 Product Advertising	Direct Cost Pool	Based on description of accounting codes	Directly assigned to regulated		✓	✓	✓	✓
	Direct Cost Pool	Based on description of accounting codes	Directly assigned to nonregulated		✓	✓	✓	✓
	Product Advertising Residual Cost Pool	Based on description of accounting codes	Marketing Allocator		✓	✓	✓	✓
6621 Call Completion Services	Direct Cost Pool	Cost Pool equals account	Directly assigned to regulated		✓	✓	✓	✓

USOA Part 32 Accounts	Cost Pool Name	Cost Pool Identification	Cost Pool Apportionment Method	Comments	P	N	S	A
6623 Customer Services (Cont)	Customer Billing and Collection Cost Pool	Based on description of accounting codes	Indirectly attributed based on relative value of revenues in Accounts 5001 through 5100, 5230 and 5280					✓
	Combined Customer Services Operations Cost Pool	Based on description of accounting codes	Indirectly attributed based on relative value of the Service Order Cost Pool, Service Order Support Cost Pool and Billing/Bill Payment Cost Pool	Includes costs of combined customer services operations, i e order processing, billing inquiry and payment and collection activities performed within a centralized operation			✓	
	Other Customer Services Cost Pool	Based on description of accounting codes	Indirectly attributed based on the relative value of Account 6623. Customer Services (excluding the Billing/Bill Payment Cost Pool, Customer Billing and Collection Cost Pool, Other Customer Services Cost Pool and payphone expenses)		✓	✓		✓
6720 General and Administrative	Direct Cost Pool	Based on description of accounting codes	Directly assigned to regulated	Includes prior Accounts 6711-6728	✓	✓	✓	✓
	Direct Cost Pool	Based on description of accounting codes	Directly assigned to nonregulated	Includes prior Accounts 6711-6726 and 6728	✓	✓	✓	✓
	Directly Attributed Regulated	Based on description of accounting codes and computer usage	Directly attributed to regulated	Includes prior Account 6724	✓	✓	✓	✓
	Directly Attributed Nonregulated	Based on description of accounting codes and computer usage	Directly attributed to nonregulated	Includes prior Account 6724	✓	✓	✓	✓
	Plant Operations Cost Pool	Based on description of accounting codes	Indirectly attributed based on relative value of Plant Operations current month salaries and wages in Accounts 2111 through 2441, 6112 through 6441 and 6532 through 6535	includes prior Account 6711	✓		✓	

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USOA Part 32 Accounts	Cost Pool Name	Cost Pool Identification	Cost Pool Apportionment Method	Comments	P	N	S	A
6720 General and Administrative (Cont.)	Operator Services Cost Pool	Based on description of accounting codes and computer usage	Directly attributed based on current month regulated and nonregulated call volume use of the Operation Systems Cost Pool in Account 2220. Operator Systems	Includes prior Account 6724	✓	✓	✓	✓
	Revenue/Billing Cost Pool	Based on description of accounting codes and computer usage	Indirectly attributed based on analysis of customer bills	Includes prior Account 6724		✓	✓	✓
	Customer Billing and Collection Cost Pool	**Based on description of accounting codes and computer usage.**	**Indirectly attributed based on relative value of regulated and nonregulated revenue in Accounts 5001 through 5100, 5230 and 5280**					**✓**
	Network Facilities Cost Pool	Based on description of accounting codes and computer usage	Indirectly attributed based on current regulated and nonregulated investment value of network facilities investment in Accounts 2211 through 2232 and 2411 through 2441	Includes prior Account 6724	✓	✓	✓	✓
	Distribution Services and Station Connections Cost Pool	Based on description of accounting codes and computer usage	Indirectly attributed based on relative value of distribution services and station connections current month salaries and wages in Accounts 2311 through 2441 and 6311 and 6441 through 6441	Includes prior Account 6724	✓	✓	✓	✓
	Outside Plant Maintenance Cost Pool	Based on description of accounting codes and computer usage	Indirectly attributed based on relative value of Cable and Wire facilities current month salaries and wages in Accounts 2411 through 2441 and 6411 through 6441	Includes prior Account 6724	✓	✓	✓	✓

USOA Part 32 Accounts	Cost Pool Name	Cost Pool Identification	Cost Pool Apportionment Method	Comments	P	N	S	A
6720 General and Administrative (Cont.)	Service Order Cost Pool	Based on description of accounting codes and computer usage	Indirectly attributed based on relative value of the Service Order Cost Pool in Account 6623, Customer Services	Includes prior Account 6724	✓	✓	✓	
	Service Order Processing Cost Pool	**Based on description of accounting codes and computer usage**	**Directly attributed based on analysis of service orders**					✓
	Marketing Cost Pool	Based on description of accounting codes and computer usage	Marketing Allocator	Includes prior Accounts 6722 and 6724	✓	✓	✓	✓
	Information Management Cost Pool	Based on description of accounting codes	Indirectly attributed based on relative investment value of the common pools in Account 2124, General Purpose Computer	Includes prior Account 6724 **This cost pool is rarely used by Ameritech**	✓	✓	✓	✓